Employment Development Department
State of California

N E W S R E L E A S E

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Date: July 1, 2005

News Release No.: 05-36

FIRST YEAR ANNIVERSARY FOR CALIFORNIA'S PAID FAMILY LEAVE PROGRAM
13 Million California Workers Are Covered

SACRAMENTO – More than 176,000 Californians filed claims for Paid Family Leave benefits during its first full year of operation, July 1, 2004 through June 30, 2005. The new program, administered by the California Employment Development Department (EDD), extended partial wage replacement benefits to covered employees who take time off to provide care for a seriously ill child, parent, spouse, registered domestic partner, or to bond with a new child. The program provides up to six weeks of benefits during a one-year period.

Of all the claims filed in the first year of the Paid Family Leave (PFL) insurance program, the vast majority of them, slightly more than 88 percent, were for bonding with a new child. Claims for caregivers have consistently run at just under 12 percent.

Women receiving State Disability Insurance (SDI) benefits for pregnancy are informed with their last check that they are eligible for a Paid Family Leave bonding claim. In the first year of the new insurance program, slightly more than 49 percent of those women have opted to collect PFL.

Of the 176,000 claims filed, nearly 138,000 have been paid to date. Some claims are disqualified, approximately 13,000 for not meeting the basic requirements and approximately 17,000 as duplicates or incomplete claims. The rest, approximately 4,000 claims, are currently being processed.

Paid Family Leave was enacted through state legislation in 2002 (Senate Bill 1661). The program is a part of the State Disability Insurance program, and approximately 13 million workers covered by SDI are also covered for this benefit. Workers began contributing toward Paid Family Leave in January 2004 with increased SDI payroll deductions.

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This program does not provide job protection or return rights. However, certain claimants may have their jobs protected under the federal Family Medical Leave Act and the California Family Rights Act.

A medical provider's verification is required before a California worker can collect benefits to care for a seriously ill family member, which are based on an individual's past quarterly earnings and range from a minimum of $50 to a maximum of $840 per week. The average weekly payment has been $409 and the average duration has been just under 5 weeks.

There is a seven-day waiting period before benefits are paid. In addition, the employer may require the employee to use up to two weeks of vacation leave prior to receiving benefits. A week of vacation can be used during the waiting period. The employee is required to notify their employer of the reason for taking leave in a manner consistent with the company's leave policy.

Individuals cannot receive Paid Family Leave while receiving SDI, Unemployment Insurance, or Workers' Compensation benefits.

The Paid Family Leave program is funded through worker contributions. To cover the initial cost, the SDI employee contribution rate increased by .08 percent on a worker's taxable wages in 2004 and 2005. The SDI taxable wage limit for 2005 is $79,418. Any earnings over this amount are not subject to SDI withholdings.

California employers are required to provide information about Paid Family Leave to all employees.

Benefits paid to California workers who take paid leave to care for an new child or ill family member are reported as wages for federal income tax purposes, but are not subject to state income taxes.

Workers and employers can find additional information about this program on EDD's Web site at www.edd.ca.gov or by calling toll-free 1-877-BE-THERE (Spanish: 1-877-379-3819). TTY access is available at 1-800-563-2441.

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